Policy:  Indirect Costs Recovery (Overheads)

Policy

1. Activities to which this policy applies

This policy applies to the following Activities:

1. Research Contracts and grants.
2. Consultancy work conducted on behalf of the University,
3. Provision of services on behalf of the University,
4. Post Graduate Student stipends, and
5. Any other work that involves the use of University facilities and resources.

These Activities require a contract between the University and a third party.

2. General principles for calculating Indirect Cost Recovery fee

For all such Activities, the contract sum must cover, as a minimum, all direct costs including salary on-costs. An Indirect Cost Recovery fee is then added to the contract sum.

The Indirect Cost Recovery fee for these Activities is set at 35% of the contract sum.

Where appropriate, salary (including on-costs) for the principal investigator and other members of University staff should be included in the contract sum, prior to calculation of the Indirect Cost Recovery.

The Indirect Cost Recovery fee applies regardless of whether or not the Activity is also classified as a Commercial Activity and therefore also subject to the Commercial Guidelines.

The policy applies equally to activities administered by the Research Office and to those administered through Sydnovate.

3. Distribution of Indirect Cost Recovery

The 35% Indirect Cost Recovery fee is to be distributed as follows:
School (to be allocated to the school’s accounts): 20%
General (to be allocated to central University accounts): 15%

The Head of School decides on the use of School’s Indirect Cost Recovery fee, and may consult with the chief investigator on the use of such funds.

3. Authority to modify the Indirect Cost Recovery fee

The Indirect Cost Recovery fee recognizes that there are real indirect costs to the University in undertaking these Activities - use of buildings, services, facilities, administration, libraries, insurance etc. AVCC has estimated that this cost is at least 125% of direct costs for laboratory based research and 92% for non-laboratory based research. The University’s Indirect Cost Recovery fee recovers only a portion of these costs.

Organisations which fund research at Universities should be prepared to pay the Indirect Cost Recovery fee. These organisations include industry, government organisations and others. If the fee is not included, the Universities is effectively subsidising the work from its own resources.

The only research income routinely exempt from Indirect Cost Recovery fee is that income from agencies and schemes listed on the Australian Competitive Grants Register (http://www.usyd.edu.au/ro/opportunities/acgr.shtml). This exclusion is possible because the University receives infrastructure support for these projects in the form of the Research Infrastructure Block Grant.

University Foundations and Centres carrying out contract or sponsored research for outside organisations are not exempt from the Indirect Cost Recovery fee.

Further, there is no provision to waive or reduce the Indirect Cost Recovery fee on Activities covered by this policy (see 1. above) that are also classified as Commercial Activities, such as consultancy work, testing and other professional services.

There is some flexibility to allow for exceptional circumstances, such as expensive equipment purchases. In such circumstances, the Director of Sydnovate and/or the Director of the Research Office (with matters that are managed by their offices respectively) have the authority to approve a reduction of the Indirect Cost Recovery to below 35% or a deviation from the 20:15 split between the school and the general components.

In cases where work is carried out using the facilities of another organisation, the University may enter into an agreement with that organisation to ensure that infrastructure costs are shared fairly according to the resources contributed by each organization.
The University will annually review the Indirect Cost Recovery Charge for all relevant activities, subject to assessment of costs, market forces and the University’s financial position, and may adjust it accordingly.
1. **Background/context**

   This policy defines the calculation, distribution and modification of indirect costs recovery fee in Research Office and Sydnovate contracts.

2. **Authority/consultation**

   This document was developed by Director, Sydnovate

3. **Management Responsibility**

   Director, Sydnovate and Director, Research Office

4. **Implementation Responsibility**

   Director, Sydnovate and Director, Research Office

5. **Dates**

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<th>Investments &amp; Commercialisation Committee (Resolution 16/06)</th>
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<td>8th November 2006</td>
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<tr>
<td>Review</td>
<td>09 August 2007</td>
</tr>
<tr>
<td>Approval (version 2)</td>
<td>Vice Chancellors Advisory Committee, MEETING 09/8/2007</td>
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<tr>
<td>Effect</td>
<td>09 August 2007</td>
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5. **Approval**

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6. **References**

7. **Signatures**

   **Approved by:**
   
   Name
   
   Position
   
   Date
   
   Signature